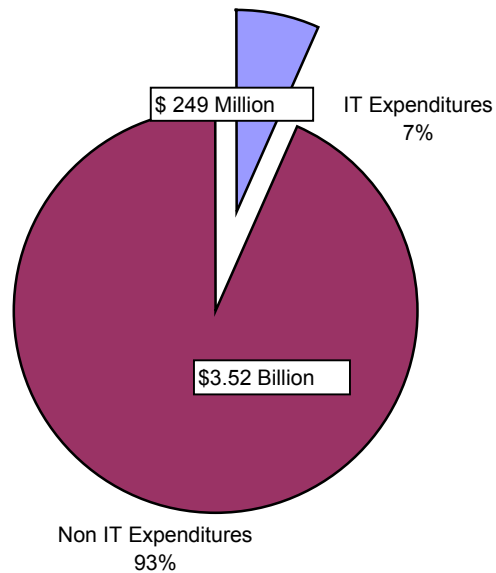

STATEWIDE IT EXPENDITURES

IT Expenditures as Percentage of Total *Operating Expenditures FY 2001

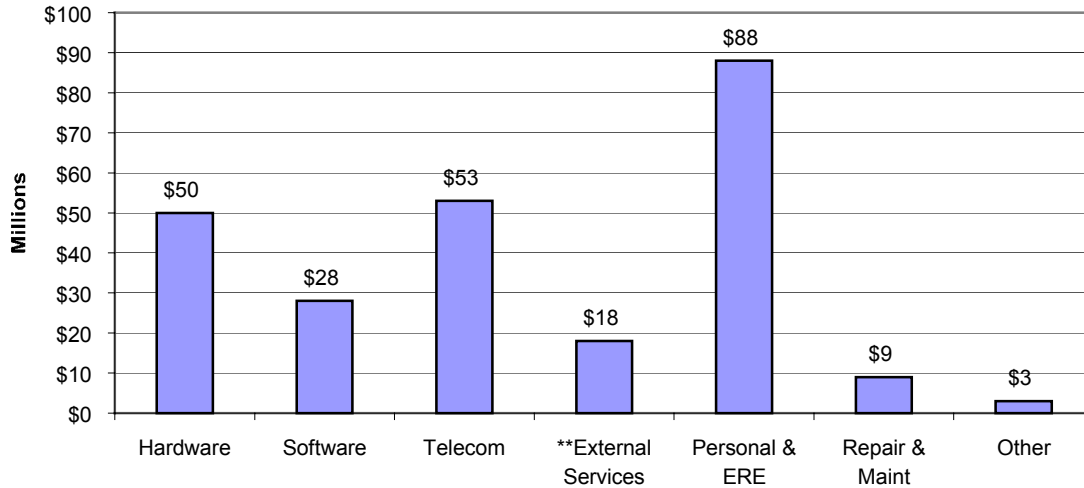


*Operating Expenditures means all expenditures minus Aid to Organizations and Individuals, Capital Outlay for Land and Buildings, Interagency Transfers, Debt Service, Cost Allocations, Transfers-Out., and Miscellaneous Items

In FY 2001, the State's IT Expenditures represents almost 7% of the Total Operating Expenditures, as illustrated in the above chart. This is approximately the same percentage of IT Expenditures to Total Operating Expenditures as occurred in **FY 2000.

**Due to errors in identifying "Operating Expenditures" and "IT Expenditures" for FY 2000, the numbers in last year's report have been updated to show that non IT expenditures were \$3.38 Billion, IT expenditures were \$248 million, and the percentage of IT expenditures to total expenditures was adjusted to 7%. The original numbers for FY 2000 were \$4.65 Billion, \$247 million, and 5% respectively.

*IT Expenditures for FY 2001

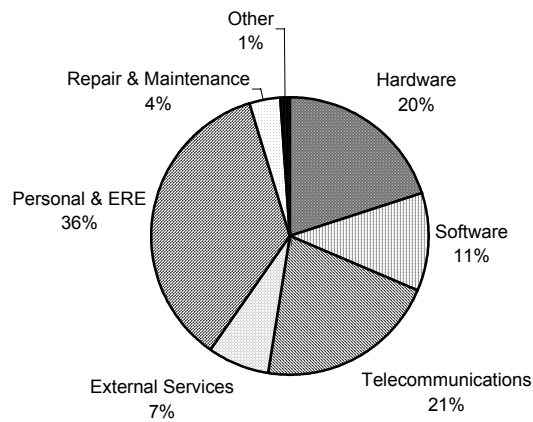


*Includes all appropriated and non-appropriated funds from AFIS. Personal & ERE estimated from HRMS data. Doesn't include the State universities.

**External Services are under reported due to the accounting codes not identify all IT specific External Services that are procured by the State.

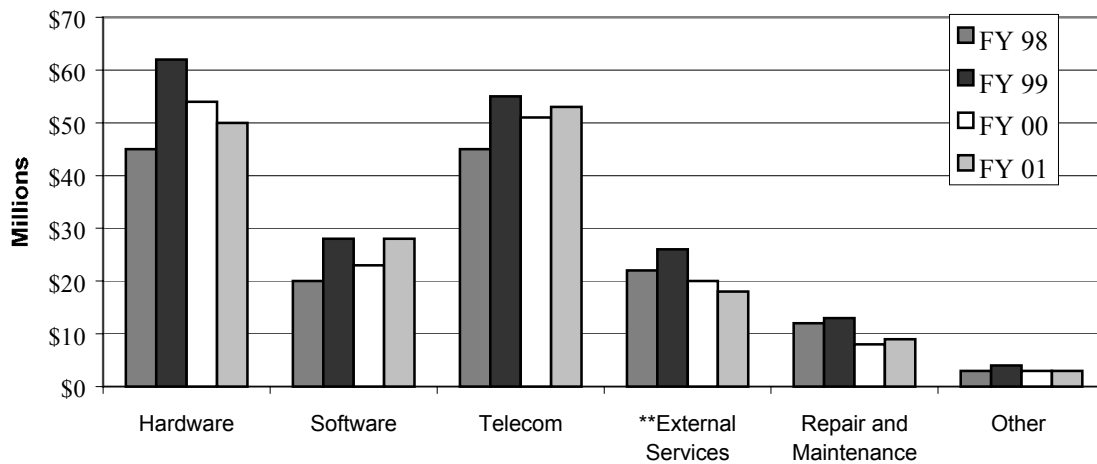
As the above chart illustrates, estimated IT expenditures for FY 2001 is \$249 million, with the largest portion of the expenses for Personal & ERE Services, which is about 36% of total. See the chart below.

FY 2001 Expenditures as Percentages



The following chart shows that fiscal year 2001 reinforces trends identified in last year's report. Expenditures in Software and Telecommunications continue to increase while spending on External Services and Repair and Maintenance continue to decrease. Other expenditures remain flat. However, the one difference is that Hardware expenditures are down. This may be due to Arizona Department of Transportation and Department of Revenue sharing a mainframe with the Department of Administration. In fact, the \$7 million increase in software may also be explained, in part, by so called "bump charges" associated with the mainframe consolidation. Bump charges are those assessed by software companies to customers when software is loaded on larger computers.

***IT Expenditures by Fiscal Year**



*All appropriated and non-appropriated funds from AFIS.

**External Services are under reported due to the accounting codes not identify all IT specific External Services that are procured by the State.

Also note that the above chart shows that Fiscal Year 1999 had more expenditures than the other years presumably to fix the Year 2000 computer problems.